

TAX & COMPLIANCES INSIGHTS & UPDATES

September 2022

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UAE Updates

The UAE announces paperless tax refund system for tourists

The Federal Tax Authority (FTA) of the United Arab Emirates (UAE) announces a facility, known as the 'innoVATive' system, to enable tourists to claim VAT refunds of their purchases made in the UAE, without the requirement to carry paper receipts at the point of departure from the UAE.

Previously, tourists were required to carry all the physical receipts to claim the refund, making it a lengthy and cumbersome process at the point of departure from the UAE.

FTA issued a public clarification on excise tax designated zones- calculation of financial guarantee

- ◆ New excise tax user guide for clearing companies, focusing on consumption, import and release transactions.
- ◆ Clarification EXTP008 about the calculation of financial guarantees for purposes of excise tax in designated zones.
- ◆ Minor changes to a number of existing excise tax guides.



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GCC Updates

KSA

The ZATCA opens public consultation on zero-rating of locally manufactured military goods supplied to the armed forces and the internal security forces

The Kingdom of Saudi Arabia's (KSA) Zakat, Tax and Customs Authority (ZATCA) issues a public consultation (Public Consultation), propose to apply a zero-rate on locally manufactured military goods supplied by designated taxpayers who are licensed by the General Authority of Military Industries to the armed forces and internal security forces. One of the requirements to obtain this benefit is that the goods ought to be supplied by the same supplier manufacturing the goods locally within KSA.

A new Article 36 under Chapter Six (VAT zero-rated supplies) to the VAT Implementing Regulations has been proposed by ZATCA prescribing the application of a zero VAT rate on local supplies of qualified military goods to armed and security forces of the Government. Qualified military goods, as defined in the proposed addition, includes:

- ◆ Locally manufactured goods; and
- ◆ Goods that are certified by the General Authority for Military Industries confirming that the supply fulfilled all the prescribed requirements and conditions

The Public Consultation is open till 15 October 2022.

The Zakat, Tax and Customs Authority ('ZATCA') published a VAT guide in September 2022, on its official website, explaining the concept of 'Electronic Contracts'

The Zakat, Tax and Customs Authority ('ZATCA') published a VAT guide in September 2022, on its official website, explaining the concept of 'Electronic Contracts' along with VAT consequences under various scenarios. The guide also provides definitions of terms such as contracts, Agents, Principal, etc which are neither defined nor available in the VAT Law and its Implementing Regulations.

ZATCA approved the amendments to various Articles of the Real Estate Transaction Tax ("RETT") Regulations.

The Board of Directors of Zakat, Tax and Customs Authority ('ZATCA') has approved the amendments to various Articles of the Real Estate Transaction Tax ("RETT") Regulations. These amendments will take effect as of 19 August 2022.

BAHRAIN

The National Bureau for Revenue updated its country-by-country (CbC) reporting requirements

The National Bureau for Revenue updated its country-by-country (CbC) reporting website to confirm that the ultimate parent entity (UPE) of a multinational enterprise (MNE) resident in Bahrain will be required to prepare and file the CbC report by 31 December 2022 for the financial year ended 31 December 2021.

The National Bureau for Revenue has invited comments for the launching of e-invoicing

The National Bureau for Revenue has (through the Bahrain Tender Board) invited comments to provide support with the review and enhancement of the legal framework for the launch of e-invoicing in Bahrain.

QATAR

Businesses that import or produce excisable goods and operators of tax warehouses are required to register for excise tax purposes following the introduction of excise taxes on the following goods in January 2019:

- ◆ Tobacco and its products—100%
- ◆ Energy drinks—100%
- ◆ Carbonated drinks—50%
- ◆ Special purpose goods (alcohol and pork items, which can only be sold and consumed under specific conditions and authorizations)—100%

OMAN

Oman Tax Authority (OTA) has published a VAT Guide on E-Commerce

Oman Tax Authority ('OTA') has published a VAT Guide on E-Commerce to provide guidance on how VAT affects businesses which operate within the e-commerce sector. It contains guidance on the VAT treatment of supplies of goods and services through electronic means, supplies made through agents and indicators for electronic suppliers to determine the customers place of residence.





International Updates

CYPRUS

The government published a notice in the official gazette providing guidance regarding the required content of the Local file and Master file, as well as a table of summarized information.

The Cyprus parliament passed long-anticipated transfer pricing documentation requirements on 30 June 2022

INDIA

The Central Board of Indirect Taxes and Customs (CBIC) issued guidance for filing or revising goods and services tax (GST) transitional credit forms (Form GST TRAN-1 and TRAN-2) on the GST network common portal.

The portal will be open from 1 October 2022 to 30 November 2022 for such filings. The tax authority has 90 days after submission to verify the accuracy of the claim and pass the appropriate order. Any transitional credit will then be reflected in the electronic credit ledger.



SRI LANKA

The Interim Budget 2022 includes a proposal to increase the rate of value added tax (VAT) on the import and/or supply of goods or supply of services to 15%—effective 1 September 2022.



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